BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

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| Application of San Diego Gas & Electric Company (U902E) for Approval of Public Utilities Code Section 748.5 Customer Outreach Plan for 2014 and 2015. | A.13-08-026<br>(Filed on August 30, 2013) |
| And Related Matters. | A.13-08-027<br>A.13-09-001<br>A.13-09-002<br>A.13-09-003 |

**PHASE ONE REPLY BRIEF OF THE OFFICE OF RATEPAYER ADVOCATES**


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December 17, 2013

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# I. INTRODUCTION

Pursuant to Rule 13.11 of the California Public Utilities Commission's (Commission) Rules of Practice and Procedure and the November 7, 2013 Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge (Scoping Memo),[1] the Office of Ratepayer Advocates (ORA) submits this reply brief on Phase One issues in this proceeding, which responds to some of the arguments in the opening briefs of the California Center for Sustainable Energy (CCSE), Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E). The points to which ORA responds are all issues that the Commission must consider in Phase 2 of this proceeding, in which the Commission:

> "will evaluate the specific 2014-2015 education and outreach activities and budget of either a third-party administrator or the utilities. Phase 2 will also explore the appropriate procedural mechanism to develop and evaluate customer education and outreach activities in 2016-2020."[2]

# II. DISCUSSION

## A. The Commission should establish a marketing, education and outreach budget in Phase 2 that maximizes the return of revenue to each household, while at the same time promoting clear and consistent messaging.

Parties will turn their attention in Phase 2 of this proceeding to the budget for greenhouse gas (GHG) marketing, education and outreach, especially as it relates to revenue that customers will receive as bill credits on their utility bills. ORA appreciates CCSE's observation that "leveraging the Energy Upgrade California infrastructure should result in significant cost savings, thereby maximizing the overall return to customers."[3] ORA supports the goal of maximizing the return of GHG revenue to customers.[4]

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[1] On November 26, 2013 the Administrative Law Judge's Ruling Suspending Reply Comments on Issue 8 in Scoping Memo clarified that reply comments due on December 17, 2013 would be limited to issues other than Issue 8, which requests comments on a possible name change for the "Climate Dividend."

[2] Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge, November 7, 2013.

[3] Opening Brief of California Center for Sustainable Energy in Response to the Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge. December 6, 2013 (CCSE Brief).

[4] Other parties share this goal. For example, SDG&E stated "[b]eginning with low-cost and no-cost measures, SDG&E would have gradually progressed through various channels and levels of exposure to achieve awareness, while preserving funds so that residential customers receive the largest Climate Dividend possible." Opening Brief of San Diego Gas & Electric Company, December 6, 2013 (SDG&E Brief), p. 7.

Although it is premature to discuss detailed budget proposals in Phase 1, ORA disagrees with CCSE's conclusion that the Targetbase report's estimated $35 million for year one and $28 million for year two as estimated budgets for GHG marketing, education and outreach should be the starting point for purposes of establishing a budget.[5] CCSE states that the $2-4 dollars per household cost that would result from the Targetbase proposed budget is reasonable. [6] ORA will focus its efforts in Phase 2 on the development of a budget that maximizes the return of revenue to each household, utilizing existing infrastructure and low cost channels of communication.

**B. The Commission should ensure a process in Phase 2 that allows utilities, Community Choice Aggregators, Direct Access providers, and other interested parties to comment on the content of GHG marketing, education and outreach activities.**

SDG&E[7] and SCE[8] each raise concerns about the potential for utility liability for inaccurate messaging under California's unfair business practices and false advertising laws. SDG&E stated:

> "It would not be effective, efficient or appropriate for a third party to have broad authority to develop messages that will go out to utility customers without requiring prior approval of those messages from the utilities that will be delivering the message. Ultimately, as the deliverer of the message, the utility is subject to potential liability under California's unfair business practices and false advertising laws."[9]

ORA agrees that the dissemination of inaccurate messaging does not serve the interests of utilities or ratepayers, nor would it advance California's GHG reduction goals. To prevent the possibility of inaccurate or confusing messages related to the return of GHG revenue to customers and California's GHG reduction program, the Commission in Phase 2 should oversee the development process that allows parties to review messages in advance of their dissemination, including the opportunity to suggest corrections and clarifications if necessary. This should be true regardless of whether the Commission allows the utilities to contract with an advertising agency, or whether a third-party administrator contracts with an advertising agency.

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[5] CCSE Brief, p. 15.

[6] CCSE Brief, p. 15.

[7] SDG&E Brief, p. 20-21.

[8] Opening Brief of Southern California Edison Company, December 6, 2013 (SCE Brief), pp. 9-10.

[9] SDG&E Brief, pp. 20-21.

### C. The Commission should develop a process in Phase 2 that safely and efficiently directs customers with questions about their GHG bill credit and California's GHG reduction program to the appropriate source of information.

SDG&E raised the possibility of safety issues related to the use of a third party call center to handle questions related to GHG:

> "there could potentially be serious safety implications if utility customers are directed to a third party call center instead of a call center operated by their respective utility. How would the third party call center employees address reports of safety-related conditions that are made by utility customers during the course of their calls? How will third party call center employees be trained to recognize that a customer is raising a potential safety-related issue? Could delay in relaying such a call between the third party and the appropriate utility undermine the utility's efforts to handle safety-related calls in a timely manner? What sort of messaging would be necessary to ensure that customers recognize that the third party call center is not their utility and that they will need to call their utility with other service and safety-related concerns?"[10]

ORA agrees that to the extent a third party call center, rather than a utility,[11] handles calls related to the return of GHG revenue, the process for directing calls to the utility (for safety and utility issues) versus to a GHG-call center, should be developed in order to ensure that customers are directed to the appropriate source of information as efficiently as possible, and in a manner that minimizes the potential for customer confusion and the possibility that safety issues are not addressed quickly. These issues should be considered as part of Phase 2 of this proceeding.

### D. The Commission should consider the need in Phase 2 for a third-party administrator in 2015 and beyond.

SCE recommends that the Commission revisit the use of a central third-party administrator in 2015 because the utilities may be able to administer the program and messaging

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[10] SDG&E Brief, p. 26.

[11] As ORA explained in its opening brief, all call centers should use content developed under the supervisions of a third party administrator to respond to questions about GHG revenue return and California's GHG reduction program. However, some utilities may be able to cost effectively handle GHG calls along with other customer calls. Phase One Opening Brief of the Office of Ratepayer Advocates, December 6, 2013, pp. 5-6. SDG&E's hypothetical concerns a case in which a third party call center responds to customer questions about the return of GHG revenue and California's GHG reduction program. Phase One Opening Brief of the Office of Ratepayer Advocates, December 6, 2013, pp. 5-6.

once developed by CCSE in a more cost-effective manner.[12] ORA agrees that the extent of the third party administrator's involvement, if the Commission decides to use one, should be considered in Phase 2. Once the initial content has been developed, the role of that administrator may decrease over time, although an ongoing involvement to ensure competitive neutrality and clear consistent messaging may be appropriate.

## III. CONCLUSION

ORA supports the development of a coordinated approach to customer outreach, education, and marketing in which content is developed by a marketing firm under the direction of a third party administrator, and individual utilities leverage ongoing relationships with their customers to deliver the information. Details of this coordination, including the budget, how to ensure accurate messaging and a communication process that promotes customer awareness and prompt response to safety issues, as well as how long the third party administrator should be involved, are issues for Phase 2 of this proceeding.

Respectfully submitted,

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[12] SCE Brief, p. 6.